



**BILLING CODE 3510-FP**

## DEPARTMENT OF COMMERCE

### International Trade Administration

#### Auto Supply Chain Trade Mission to Mexico City and Monterrey, Mexico

September 23-26, 2013

**AGENCY:** International Trade Administration, Department of Commerce

**ACTION:** Notice

### MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration's, U.S. and Foreign Commercial Service (CS) is organizing an auto supply chain trade mission to Mexico City and Monterrey, Mexico, September 23-26, 2013. This mission is intended to focus on a variety of U.S. industry and service providers, particularly those suppliers of spare parts, original equipment manufacturer (OEM) parts and components, hybrid vehicle components, precision assembly devices and systems that enhance efficiency in the OEM manufacturing process.

The mission will introduce participants to end-users and prospective partners whose needs and capabilities are targeted to the respective U.S. participants' strengths. Participating in an official U.S. industry delegation, rather than traveling to Mexico independently, will enhance the companies' abilities to secure meetings with potential partners and buyers.

### COMMERCIAL SETTING

The \$500 billion in annual bilateral trade between the United States and Mexico is fueled in large part by industrial manufacturing centers located throughout northern and central Mexico, which is also supported by an ever-growing national cargo transportation industry.

Mexico's automotive industry ranks as the 8<sup>th</sup> largest vehicle producer in the world and the second-largest in Latin America. The automotive sector accounts for 17.6 percent of Mexico's manufacturing sector and 3 percent of its national GDP contribution. There are currently nine manufacturers in Mexico: General Motors, Chrysler, Ford, Nissan, Fiat, Renault, Honda, Toyota, and Volkswagen. This manufacturing base produces 42 brands in 20 manufacturing plants. Nissan, GM, Volkswagen, and Honda plan to increase their production in Mexico while Fiat, Audi and Mazda are currently opening up new plants for vehicle manufacturing in Mexico. Vehicle production in Mexico has almost doubled in the past three years.

The northern state of Nuevo Leon represents 27 percent of the national auto parts industry and it is the world leader in the production of aluminum components such as cylinder heads, engine blocks and transmission parts. Exports from this state represented 11.8 percent of Mexico's automotive exports and automotive manufacturing grew 83 percent in the last five years.

In 2012, Mexico produced more than 2.8 million cars– and the projection for 2013 is 3 million cars. 83 percent of its production is devoted to exports and the remaining 17 percent go to the domestic market. The National Auto parts Industry Association (INA) reported significant growth of the auto parts industry from 2011 to 2012.

In 2012, the Mexican automotive industry experienced a 12.4 percent growth of local vehicle production due to higher demand, domestically as well as in the United States and other markets.

The countries to which Mexico exports include: United States (63.9 percent); Canada (6.8 percent); Latin America (15.5 percent); Asia (2 percent), Europe (9 percent) and others (1.3 percent).

Mexican vehicle sales in 2012 increased 9 percent compared with 2011. Market realities have led to

new trends in car manufacturing, including smaller car sizes and increased fuel efficiency.

The aftermarket is expected to increase, as Mexico imposed new duties and requirements on the importation of used vehicles since 2009. As a result, repair and maintenance of used vehicles in Mexico will require varied parts. In addition, other opportunities exist for U.S. exporters of spare parts, equipment and new technologies oriented to reduce costs and time spent on maintenance and repairs.

### **Best Prospects**

The greatest opportunities include: spare and replacement parts for gasoline and diesel engines; electrical parts, collision repair parts; gear boxes; drive axles; catalytic converters; and steering wheels. In the first and second-tier supply chain sector, opportunities include: OEM parts and components; precision assembly devices; machined parts; hybrid vehicle components; suspension systems; and pre-assembly components such as small and progressive stampings. Other products in demand include: electronic components; specialized tooling; systems that eliminate waste and green technologies such as new combustion systems to reduce gas emission and oil consumption.

In addition, identified needs include: injection molding (small and large components), aluminum extrusion and post fabrication (anodizing, machining, punching, assembly); steel stamping for sunroof components, aluminum die casting for sun roof components; rubber parts for sunroof or fuel tank cushion; compression molding; glass for sunroof; fuel tank components (plastic tubes), fuel tank components (valves e.g. ORVR/VSF, joints); fuel tank components (pump O-ring); cold forging; plastic molding; rubber molding; die casting; and machining equipment.

### **MISSION GOALS**

The short term goals of the Auto Supply Chain Trade Mission to Mexico are (1) to introduce U.S. companies to potential end-users, distributors and representatives in Mexico City, Monterrey, and their surrounding areas, and (2) to introduce U.S. companies to industry leaders and government officials in Mexico City and Monterrey to learn about various opportunities in the automotive industry.

## **MISSION SCENARIO**

### **September 23 / Mexico City**

Mission participants have a breakfast briefing including an overview of the auto industry, doing business in Mexico, and a review of the mission itinerary. The delegation then tours an automotive manufacturer's facility (Chrysler) in Toluca, Mexico and attends a presentation on the purchasing process for Mexican automotive companies. The day will close with a reception with local industry leaders and government officials.

### **September 24 / Mexico City**

Companies have a full day of matchmaking appointments with Mexico City companies.

OR

Presentations from General Motors and Ford on their purchasing process for suppliers

Mission participants depart the evening of September 24 to Monterrey.

### **September 25 / Monterrey**

Mission participants have a short briefing and review the mission itinerary. The delegation then tours an automotive plant in Monterrey and receives a presentation on the purchasing process for Mexican automotive companies.

The tour will be followed by the inauguration of the new automotive parts trade show at Cintermex (a U.S. Department of Commerce strategic partner) with time to tour the show and talk to exhibitors. The day will close with a reception with local industry leaders and government officials.

### **September 26 / Monterrey**

Companies have a full day of matchmaking appointments with Monterrey companies. The mission ends that afternoon and mission participants can depart that night or the following morning.

The following items are included in the price of the trade mission:

- Pre-travel webinar briefing, covering Mexican business practices and security;
- National promotion within Mexico of trade mission, including wide circulation of printed company directory;
- Welcome receptions in Mexico City and Monterrey with industry representatives;
- Commercial breakfast briefings in Mexico City and Monterrey;
- Group transportation to all receptions and plant tours;
- Discounted hotel rates in Mexico City and Monterrey;
- One day of pre-scheduled meetings (4-5 meetings each stop) with potential partners, distributors, end users, or local industry contacts in both Mexico City and Monterrey;
- A designated escort/translator to provide assistance during scheduled matchmaking meetings.

### **PROPOSED MISSION AGENDA**

The mission program will begin in the morning of Monday, September 23, 2013, and continue through the afternoon of September 26, 2013.

<b>September 22</b>	<b>Mexico City</b>  Arrival/Hotel check-in
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<b>September 23</b>	<b>Mexico City</b>  Breakfast briefing  Chrysler Plant tour  Welcome reception
<b>September 24</b>	<b>Mexico City</b>  Breakfast on your own  Matchmaking meetings with potential clients, distributors/representatives  Or  Headquarters visits to:  GM – company presentation and purchasing process  Ford – company presentation and purchasing process  Depart Mexico City en route to Monterrey  Arrival / Hotel check-in Monterrey
<b>September 25</b>	<b>Monterrey</b>  Breakfast briefing  Plant tour  Inauguration and tour of automotive trade show  Evening Reception
<b>September 26</b>	<b>Monterrey</b>  Breakfast on your own  Matchmaking meetings with potential clients, distributors/representatives

	Depart Monterrey that night or the following morning
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## **PARTICIPATION REQUIREMENTS**

All parties interested in participating in the Auto Supply Chain Trade Mission to Mexico must complete and submit an application for consideration by the U.S. Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and to satisfy the selection criteria as outlined below. This mission has a goal of a minimum of 15 and a maximum of 20 companies to be selected to participate in the mission from the applicant pool. U.S. companies already doing business in Mexico as well as U.S. companies seeking to enter the market for the first time are encouraged to apply.

### **Fees and Expenses:**

After a company has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee will be US \$3450 for large firms and \$2900 for a small or medium-sized enterprise (SME)<sup>1</sup>. The fee for each additional firm representative (large firm or SME) is \$300. Expenses for air travel (to Mexico City, Monterrey and return), lodging, meals and incidentals will be the responsibility of each mission participant.

### **Conditions for Participation:**

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<sup>1</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardtopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the U.S. Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

#### **Selection Criteria for Participation:**

Selection will be based on the following criteria:

- Suitability of a company's products or services to the mission's goals
- Applicant's potential for business in Mexico, including likelihood of exports resulting from the trade mission
- Consistency of the applicant's goals and objectives with the stated scope of the trade mission (i.e., the sectors indicated in the mission description)

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

#### **TIMEFRAME FOR RECRUITMENT AND APPLICATIONS**



Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://export.gov/trademissions/>) and other Internet web sites, press releases to general and trade media, direct mail, industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than July 12, 2013. CS Mexico will review all applications on a rolling basis and will inform applicants as they are accepted. Applications received after the July 12, 2013 date will be considered only if space and scheduling constraints permit.

## **CONTACTS**

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